

Message Text

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DEPT OF COMMERCE WASHDC

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E.O. 11652: N/A

TAGS: ETRD, HU

SUBJECT: AMBASSADOR'S CALL ON CHAMBER OF COMMERCE

PRESIDENT KALLOS

1. DURING CALL ON CHAMBER OF COMMERCE PRESIDENT KALLOS JAN 24 AT HIS REQUEST, LATTER DISCUSSED REASONS BEHIND RECENT POSTPONEMENT OF HIS VISIT TO U.S. FOR PURPOSE OF SIGNING COOPERATION AGREEMENT WITH U.S. CHAMBER. KALLOS STATED THAT HE HAD INITIALLY AND PRIMARILY DELAYED DATES OF VISIT FOR REASONS OF HEALTH. HOWEVER, THE ALMOST SIMULTANEOUS ANNOUNCEMENT OF SOVIET REJECTION OF ITS U.S. TRADE AGREEMENT CAUSED THEM ALSO TO CONCLUDE FOR THAT REASON THAT POSTPONEMENT WAS PREFERABLE. THEY HAD DISCUSSED HIS GOING FOR A "QUIET" SIGNATURE BUT HE DID NOT WANT TO DO IT THAT WAY. KALLOS STATED THAT IS WAS NOW BEST TO "WAIT AND SEE" WHAT STEPS CONGRESS WOULD TAKE TO MODIFY TRADE REFORM ACT.

2. I REPLIED THAT THERE WOULD BE CONSULTATIONS BETWEEN PRESIDENT AND CONGRESS IN AN EFFORT TO COME UP WITH AN ACCEPTABLE MODIFICATION OF TRADE LEGISLATION BUT ADDED THAT THIS MIGHT TAKE TIME TO WORK OUT. EXPRESSED HOPE THAT THERE MIGHT BE COME WAY CHAMBER COULD GO FORWARD WITH CONCLUSION OF COOPERATION AGREEMENT WITHOUT WAITING

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FOR CHANGES IN TRADE BILL, SAYING THAT HUNGARIANS COULD

ACCOMPLISH MORE IN DEVELOPING RELATIONS WITH US BY SUCH A POSITIVE GESTURE OF GOOD WILL THAN BY DELAY IN SIGNING OF AGREEMENT. AT THIS POINT MEETING WAS INTERRUPTED BY A CALL TO KALLOS FROM FOREIGN TRADE MINISTER BIRO. WHEN KALLOS RETURNED FROM TALKING TO BIRO, HE APPARENTLY HAD NEW GUIDELINES REGARDING WHAT TO SAY. FOR WHILE HE HAD BEEN LISTENING CLOSELY TO WHAT I WAS SAYING HE NOW REPLIED THAT HE APPRECIATED POINT I WAS MAKING BUT THAT THEY FELT "BALL WAS NOW IN U.S. COURT."

3. I THEN MENTIONED THAT BIRO VISIT TO U.S. SEEMED TO HAVE FALLEN SHORT OF BOTH U.S. AND HUNGARIAN EXPECTATIONS ADDING THAT FOR THIS REASON I HAD FELT THAT A SUCCESSFUL VISIT BY KALLOS WOULD BE PARTICULARLY IMPORTANT. KALLOS SAID HE FELT NEITHER U.S. NOR HUNGARIAN SIDE HAD PREPARED SUFFICIENTLY FOR BIRO'S VISIT AND THAT CHAMBER'S VISIT WOULD HAVE BEEN SUCCESSFUL BECAUSE ADVANCE WORK HAD BEEN COMPLETED. HE IMPLIED, HOWEVER, THAT A SUCCESSFUL VISIT BY HIM AT THIS TIME MIGHT CAUSE PROBLEMS FOR HIM HERE (WITH BIRO). HE CONCLUDED THAT IT WAS THE CONSENSUS OF THE CHAMBER'S MEMBER COMPANIES THAT IT WOULD BE BEST NOW TO WAIT.

4. KALLOS NOTED THAT JOZSEF MOLNAR, FORMERLY HUNGARIAN COMMERCIAL ATTACHE IN WASHINGTON AND CURRENTLY DEPUTY DIRECTOR OF TANNIMPEX FOREIGN TRADING COMPANY, HAS BEEN NAMED CHIEF OF HUNGARIAN SECTION OF JOINT COUNCIL TO BE SET UP WHEN AGREEMENT BETWEEN U.S. AND HUNGARIAN CHAMBERS SIGNED.

5. COMMENT: KALLOS' REMARKS ARE TYPICAL OF GOH'S CURRENT WAIT AND SEE ATTITUDE REGARDING POSSIBILITIES FOR MOVING AHEAD IN ITS RELATIONSHIPS WITH U.S. IT IS CLEAR TO US THAT INITIAL MOTIVATION BEHIND POSTPONEMENT OF KALLOS' VISIT WAS ILLNESS OF HIMSELF AND WIFE, AS HE TOLD US ABOUT POSSIBILITY OF POSTPONEMENT PRIOR TO ANNOUNCEMENT THAT SOVIETS HAD REJECTED TRADE AGREEMENT. HOWEVER, IT IS NOW CLEAR VISIT WOULD HAVE BEEN DELAYED IN ANY CASE. NEVERTHELESS, KALLOS, WHO HAS ALWAYS STRUCK US AS BEING MORE BULLISH ON POSSIBILITIES FOR U.S.-HUNGARIAN TRADE RELATIONS THAN MINISTRY OF FOREIGN TRADE, OBVIOUSLY HOPES TO BE ABLE TO MOVE AHEAD AND RESCHEDULE HIS VISIT AS SOON AS THIS IS POLITICALLY FEASIBLE. WHEN THAT

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WILL BE IS NOW HARD TO TELL. ANNOUNCEMENT THAT MOLNAR WILL BE HUNGARIAN CHIEF OF JOINT COUNCIL IS ALSO WELCOME NEWS. MOLNAR, WHO SEEMS TO BE SOMEWHAT MISCAST IN PRESENT POSITION AT TANNIMPEX, IS A NATURAL FOR THE JOB CONSIDERING HIS ENERGY, ABILITY AND RECENT FIVE-YEAR TOUR AS COMMERCIAL ATTACHE IN WASHINGTON.
PEDERSEN

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